

TOWN OF LOOMIS, CALIFORNIA

AUDITED FINANCIAL STATEMENTS

**FOR THE FISCAL
YEAR ENDED JUNE 30, 2009**



TOWN OF LOOMIS, CALIFORNIA

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TOWN OF LOOMIS, CALIFORNIA

TOWN OFFICIALS

TOWN COUNCIL

- | | |
|--------------------------------|----------------|
| • <i>Walt Scherer</i> | Mayor |
| • <i>Gary Liss</i> | Mayor Pro-Tem |
| • <i>Russ Kelley</i> | Council member |
| • <i>Rhonda Morillas</i> | Council member |
| • <i>Miguel Ucovich</i> | Council member |

OTHER TOWN OFFICIALS

- | | |
|--------------------------------|--|
| • <i>Perry Beck</i> | Town Manager |
| • <i>Dave Larsen</i> | Town Attorney |
| • <i>Roger Carroll</i> | Town Treasurer/
Finance Officer |
| • <i>Kathy Kerdus</i> | Planning Director |
| • <i>Brian Frাগiao</i> | Director of Public
Works/Town Engineer |
| • <i>John Kintz</i> | Building Inspector |
| • <i>Crickett Strock</i> | Deputy Town
Clerk/Administrative
Assistant |



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BOLER & ASSOCIATES

PROFESSIONAL ACCOUNTANCY CORPORATION
750 F STREET • DAVIS, CA 95616

(530) 756-1735

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, Town Manager, and
Members of the Town Council
Town of Loomis, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Town of Loomis, California, as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Town of Loomis, California's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Loomis, California, as of June 30, 2009, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2009, on our consideration of the Town of Loomis, California's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 13 and the budgetary comparison information on pages 22 to 25 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Loomis, California's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



September 28, 2009

TOWN OF LOOMIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

As management of the Town of Loomis (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2009. We encourage the readers to consider the information presented here in conjunction with the accompanying basic financial statements and the additional information presented.

FINANCIAL HIGHLIGHTS

- The Town's government-wide net assets increased in total by \$866,116, or 4.30%.
- The total governmental fund revenues from all sources were \$4,682,190.
- The total cost of all Town programs in the Town's governmental funds were \$6,449,871.
- The General Fund reported a deficiency of revenues over expenditures and other financing sources of \$(1,608,650).
- Actual resources received in the General Fund were under final budget by \$440,939 (not including budgeted use of prior years' reserves) while actual expenditures were under the final budget by \$63,535.
- At the end of the fiscal year, unreserved fund balance for the General Fund was \$5,350,845.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements. The government-wide Statement of Net Assets on page 14 and the Statement of Activities on page 15 provide information about the activities as a whole and present a longer-term view of the Town's finances. Governmental Fund financial statements start on page 16. For governmental activities, these statements explain how programs and services were financed in the short term (the most recently completed fiscal year), as well as the amounts remaining available for future spending. Fund financial statements report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. Fund financial statements also provide financial information about activities for which the Town acts solely as a trustee of agent (fiduciary) for the benefit of individuals and entities external to this governmental unit.

Government-wide Financial Statements - Reporting the Town as a Whole

Our analysis of the Town as a whole begins on page 14 with the government-wide financial statements. One of the most important questions asked about the Town's finances is, *"Is the Town as a whole better off or worse off as a result of the year's activities?"* The Statement of Net Assets and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. The government-wide Statement of Net Assets includes *all* assets and liabilities, using the *accrual basis of accounting*, which is similar to the account used by most private-sector business entities. The government-wide Statement of Activities focus is to measure net revenues or expenses of each activity and all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

TOWN OF LOOMIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

These two statements report the Town's net assets and changes in them. You can think of the Town's net assets - the difference between assets and liabilities - as a way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net assets are one indicator of whether its financial health is improving or deteriorating. To reach a conclusion on this issue, you may need to consider other matters of a non-financial nature, such as:

- the condition of the Town's infrastructure (streets and roadways, storm drainage improvements, etc.), or
- the economic vitality of the core business districts, or
- the adequacy of staff to supply services required by the citizenry, on order to properly assess the overall health of the Town.

For many cities, the Statement of Net Assets and the Statement of Activities are divided between Government and business-type activities. The Town has no Business-type activities (i.e. water or sewer utilities), so only reports Governmental activities. Governmental activities include general government, public safety, public works and planning (for land use). Taxes (primarily property and sales), licenses, permits, state and federal grants, and franchise payments finance most of these activities.

Governmental Fund Financial Statements - Reporting the Town's Most Significant Funds

Our analysis of the Town's major funds begins on page 16. The Town's various funds are reported as Governmental type funds. Governmental funds focus on how money flows into and out of those funds, and the balances left at year-end that may be available for future spending. These funds are reported using an accounting method described as modified accrual accounting. This accounting method (basis) measures the availability of cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations, and the basic services it provides to residents and visitors of the Towns. Governmental fund information helps you to determine what financial resources are available to be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and the governmental funds, in a reconciliation at the bottom of the fund financial statements.

The fund financial statements provide detailed information about the major funds, not the Town as a whole. Some funds are required to be established by State law (Gas Tax and Law Enforcement Grant funds). However, the Town Council establishes many other funds to help it control and manage money for particular purposes (like the Flow-through fund) or to show that it is meeting legal responsibilities for using certain taxes, grants and other money (like grants received for recycling or park expansion). The funds shown in these statements are:

- The General Fund is the primary operating fund of the Town. It accounts for all the financial resources of the general government, except those required to be accounted for in another fund.
- The Streets and Roads Special Revenue Fund accounts for funding received for transportation purposes, including: public transportation, road construction and road maintenance. The

TOWN OF LOOMIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

majority of the funds received are from gasoline and sales taxes collected by the state and passed to the Town by the state or through the county.

- The Low Income Density Special Revenue Fund represents the loan activity for the housing rehabilitation program.
- The Maintenance Districts Special Revenue Fund represents the various maintenance districts throughout the town.
- The Road Circulation Capital Projects Fund creation of new roads, or improvements to existing arterials that create new capacity, such as the Taylor Road reconstruction.
- The Nonmajor Government funds column of the financial statements is an accumulation of all other funds that are of a size or nature that by themselves they are not significant to the Town as a whole. Therefore, they are combined and reported as one. They include funds for transportation, recycling, parks, and rehabilitation loans.

Fiduciary Fund Statements - The Town as a Fiduciary

The Town is a fiduciary for certain pension amounts held on behalf of developers and other governmental agencies. These fiduciary activities are reported in separate statements on pages 26. These activities are excluded from the Town's other financial statements, because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring that the assets reported in these funds are used of their intended purposes.

Government-wide Financial Analysis - The Town as a Whole

As noted earlier, net assets may serve over time as a useful indicator of a government's financial positions. In the case of the Town of Loomis, assets exceeded liabilities by \$20.6 million as of June 30, 2009 compared to \$20.2 million as of June 30, 2008.

A significant portion of the Town's net assets reflects its investment in capital assets (e.g., land, streets, storm drain systems, buildings and park assets, machinery and equipment). The capital assets net of accumulated depreciation as a percentage of total assets was 43.03% and 31.65% for the fiscal year ended June 30, 2009 and 2008, respectively. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

TOWN OF LOOMIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

The Town's combined net assets for the years ending June 30 are summarized, as follows:

SUMMARY OF NET ASSETS AS OF JUNE 30

	2009	2008 (As restated)
ASSETS:		
Current and other assets	\$ 12,401,454	\$ 14,535,560
Capital assets, net	9,367,823	6,731,849
TOTAL ASSETS	\$ 21,769,277	\$ 21,267,409
LIABILITIES:		
Liabilities due after one year	\$ 193,872	\$ 190,525
Other liabilities	320,101	687,696
TOTAL LIABILITIES	\$ 513,973	\$ 878,221
NET ASSETS:		
Investment in capital assets	\$ 9,340,919	6,696,127
Restricted	5,549,041	5,744,630
Unrestricted	6,365,344	7,948,431
TOTAL NET ASSETS	\$ 21,255,304	\$ 20,389,188

As of June 30, 2009, \$5.5 million of the Town's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of net assets, \$6.4 million, may be used to meet the Town's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the Town of Loomis is able to report positive balances in all three categories of net assets.

As of June 30, 2008, \$5.7 million of the Town's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of net assets, \$7.7 million, may be used to meet the Town's ongoing obligations to citizens and creditors.

The government's net assets decreased \$0.4 million in most part from less investment revenues for the fiscal year ended June 30, 2009. For the fiscal year ended June 30, 2008, net assets increased \$1.4 million.

The amount reported for net assets of Governmental activities does not include the value of the Town's infrastructure (roadways, bridges and storm drainage improvements) acquired upon incorporation on December 17, 1984.

TOWN OF LOOMIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Governmental Activities

The Town's changes in the governmental activities net assets are as follows:

CHANGE IN NET ASSETS FOR THE FISCAL YEAR ENDED JUNE 30

	2009	2008 (As restated)
PROGRAM REVENUES:		
Charges for services	\$ 354,756	\$ 491,445
Operating grants and contributions	541,588	473,922
Capital grants and contributions	500,000	400,000
GENERAL REVENUES:		
Property taxes	1,895,978	1,842,032
Other taxes	174,659	180,827
Sales and use taxes	681,115	829,659
Motor vehicle in-lieu	22,550	28,960
Franchise fees	226,025	230,783
Investment income	267,827	723,866
Other income	17,224	43,813
TOTAL REVENUES	4,681,722	5,245,307
EXPENSES:		
General governmental	1,147,509	1,008,107
Public safety	1,420,240	1,375,608
Public works	865,740	1,084,539
Planning	379,755	380,701
Interest expense	2,362	2,661
Loss on disposition of capital asset	-	2,382
TOTAL EXPENSES	3,815,606	3,853,998
CHANGE IN NET ASSETS	866,116	1,391,309
NET ASSETS, JULY 1:		
As originally stated	20,389,188	18,781,439
Prior period adjustment	-	216,440
As restated	20,389,188	18,997,879
NET ASSET, JUNE 30	\$ 21,255,304	\$ 20,389,188

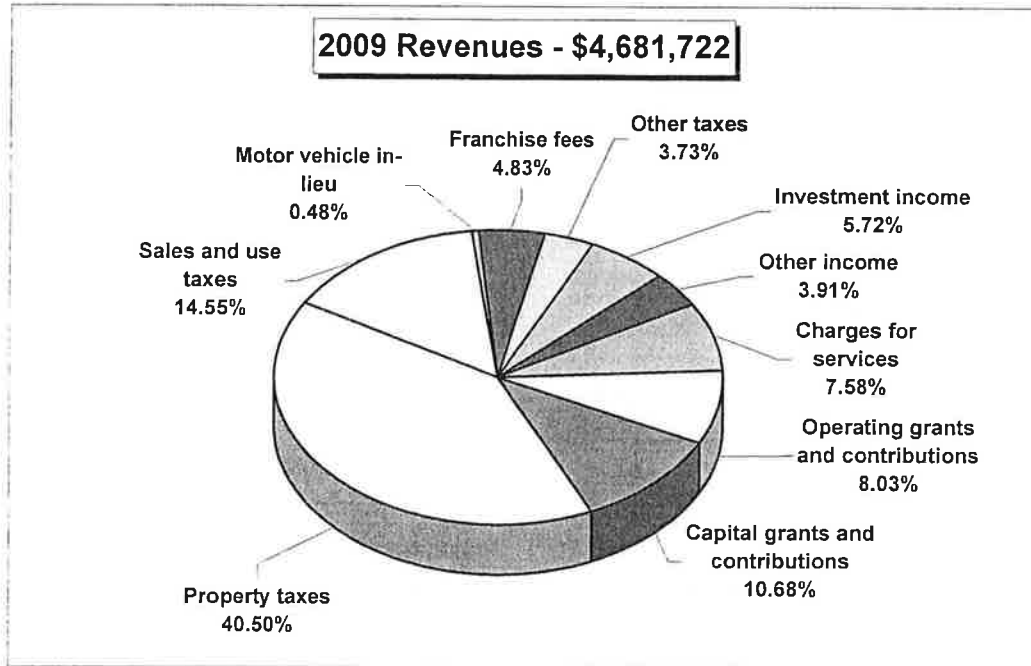
Highlights of the change in net assets for the fiscal year ended June 30, 2009 were as follows:

- Charges for services decreased by \$136,689. As a result of increases in design reviews and circulation and dedication fees collected.
- Operating grant contributions increased by \$97,995, while capital grants also increased \$314,337.
- Property tax revenues increased by \$53,946. This is caused by resale of homes and the resulting revaluation of the assessed value by the County Assessor.
- Total governmental activities revenues decreased by \$563,585.

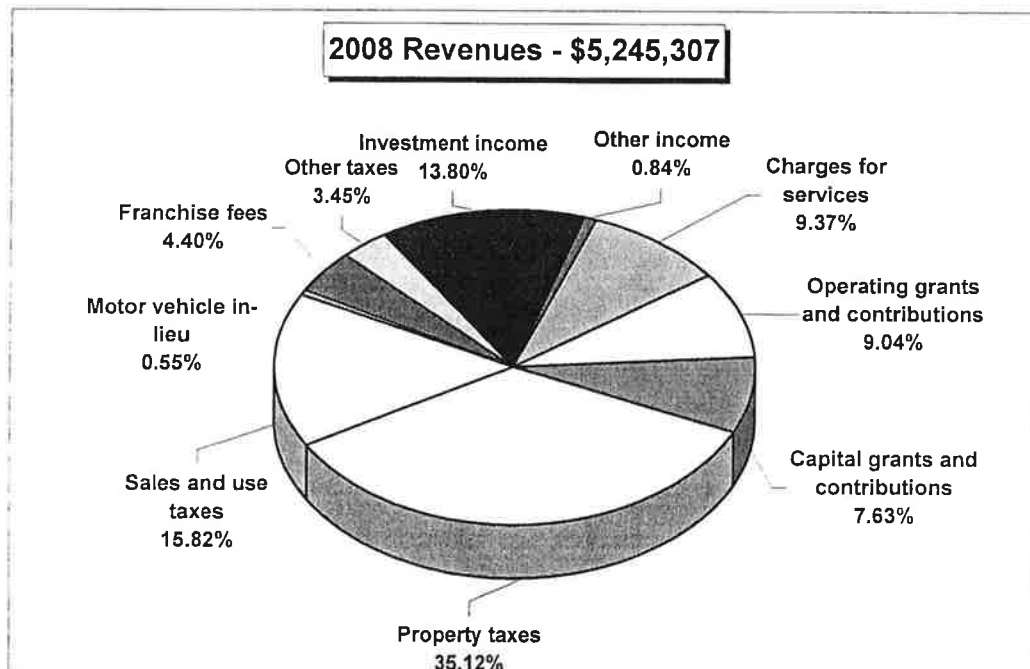
TOWN OF LOOMIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

The fiscal year ended June 30, 2009 revenues are reflected graphically as follows:



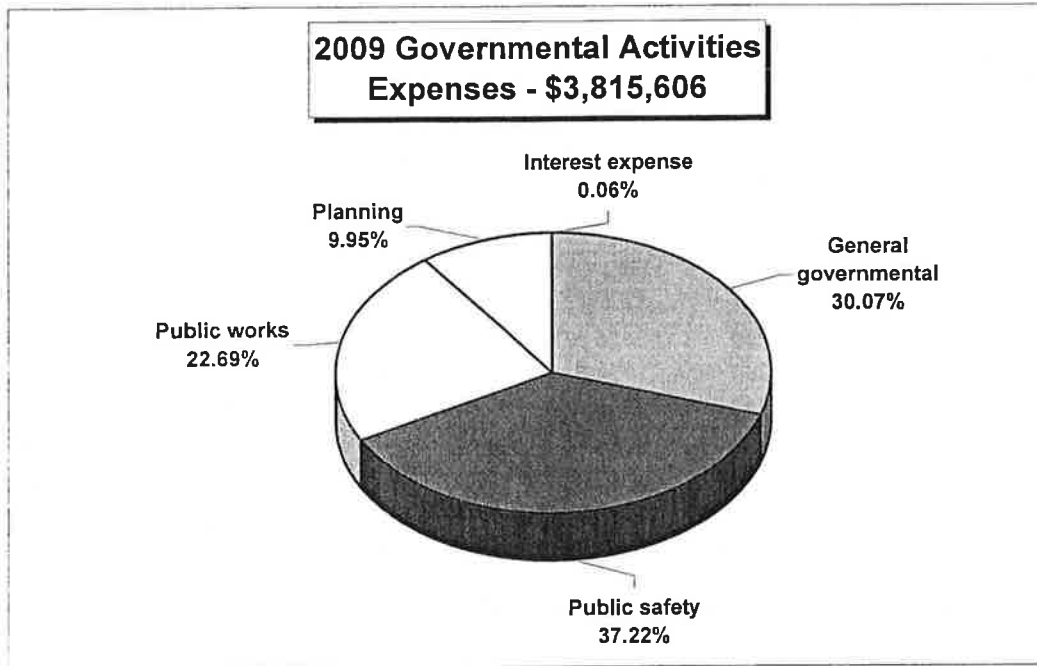
The fiscal year ended June 30, 2008 revenues are reflected graphically as follows:



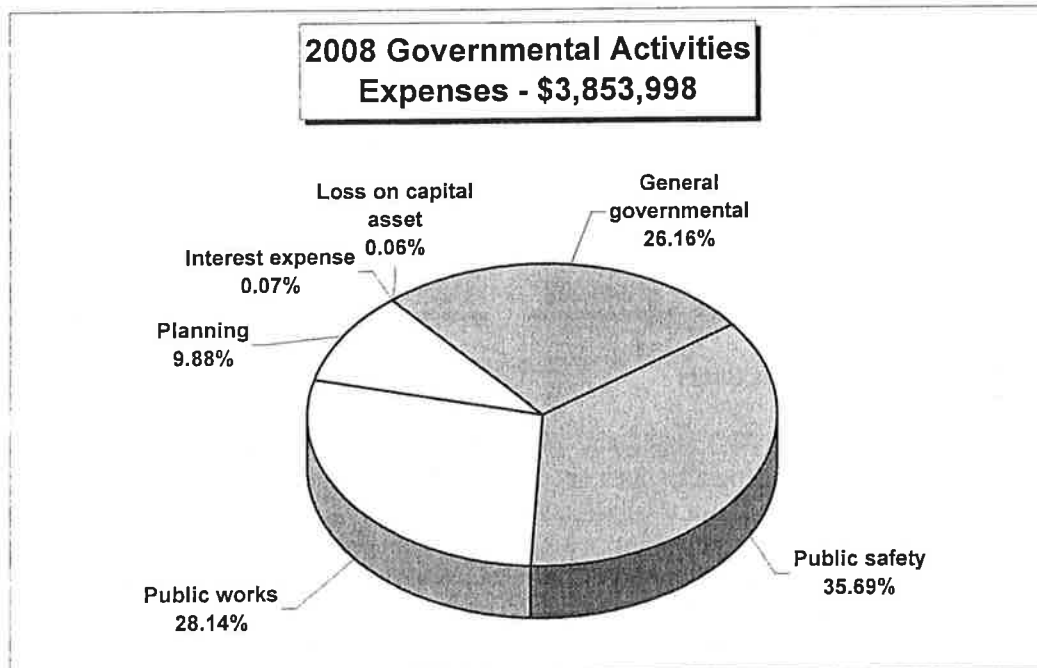
TOWN OF LOOMIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

The fiscal year ended June 30, 2009 expenses are reflected graphically as follows:



The fiscal year ended June 30, 2008 expenses are reflected graphically as follows:



TOWN OF LOOMIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

The table shows the cost of each of the Town's major programs and the net cost of the programs. Net cost is the total cost less fees and other direct revenue generated by the activities. The net cost reflects the financial burden that was placed on the Town's taxpayers by each of the programs. For the fiscal year ended June 30, 2009 the net cost is as follows:

NET COST OF MAJOR PROGRAMS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Total cost of services	Charges for services	Operating grants	Capital grants	Net cost (revenue) of services
General governmental	\$ 1,147,509	\$ 26,044	\$ -	\$ -	\$ (1,121,465)
Public safety	1,420,240	34,956	100,000	-	(1,285,284)
Public works	865,740	216,474	441,588	500,000	292,322
Planning	379,755	77,282	-	-	(302,473)
Interest expense	2,362	-	-	-	(2,362)
	<u>\$ 3,815,606</u>	<u>\$ 354,756</u>	<u>\$ 541,588</u>	<u>\$ 500,000</u>	<u>\$ (2,419,262)</u>

For the fiscal year ended June 30, 2008 the net cost is as follows:

NET COST OF MAJOR PROGRAMS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Total cost of services	Charges for services	Operating grants	Capital grants	Net cost (revenue) of services
General governmental	\$ 1,008,107	\$ 25,870	\$ -	\$ -	\$ (982,237)
Public safety	1,375,608	13,049	100,000	-	(1,262,559)
Public works	1,084,539	303,388	373,922	400,000	(7,229)
Planning	380,701	149,138	-	-	(231,563)
Interest expense	2,661	-	-	-	(2,661)
	<u>\$ 3,851,616</u>	<u>\$ 491,445</u>	<u>\$ 473,922</u>	<u>\$ 400,000</u>	<u>\$ (2,486,249)</u>

Financial Analysis of Government funds

General Fund: Fund balance was \$5,350,845 and \$6,959,495 for the fiscal year ended 2009, and 2008, respectively. Because the Town generally does not finance through debt, the General Fund is strong. Total fund balance is 97.9% and 98.1% of total assets for 2009 and 2008, respectively. For each dollar of liabilities, there is \$39 of cash and receivables, which shows that the General Fund can easily pay its obligations as they come due. General Fund expenditures exceeded revenues by \$2,108,650, or 145.06% of total General fund revenues for 2009. During the fiscal year ended June 30, 2009, the Town purchased the property at King and Sierra College Boulevard for \$1,372,000. For 2008, General Fund revenues exceeded expenditures by \$425,879, or 12.2% of total General fund revenue.

TOWN OF LOOMIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Streets and Roads Special Revenue Fund: Fund deficit is \$(554,089) and \$(412,857) for 2009 and 2008, respectively. This fund reports revenues received from Placer County and the State for use on building and maintaining road and transportation systems. Because the Town's road needs exceed the funds provided by the County and the State, funds were allocated from the gas tax funds.

Low Income Density Special Revenue Fund: This fund accounts for the Town's low income loan program's receipts and disbursement. Revenues exceeded expenditures by \$5,983 and \$(4,762) for the years ended June 30, 2009 and 2008, respectively.

Maintenance Districts Special Revenue Fund: This fund accounts for the maintenance fees collected through the property tax rolls for the various districts within the Town. Revenues exceeded expenditures by \$110,759 and \$160,632 for the years ended June 30, 2009 and 2008, respectively.

Road Circulation Capital Projects Fund: This fund accounts for the revenues received for new road construction or improvements. For the year ended June 30, 2009, revenues exceeded expenditures by \$158,355. For the year ended June 30, 2008, revenues exceeded expenditures by \$208,841.

Nonmajor Governmental Funds: The combined fund balances of all nonmajor governmental funds totaled \$2,426,347 and \$2,719,243 for 2009 and 2008, respectively.

Overall, the year had a net decrease in combined fund balances of the nonmajor governmental funds of \$292,896 or 31.1% for 2009 and an increase of \$531,181 or 4.1% for 2008. The fund balances are 94.9% and 88.1% % of total nonmajor governmental funds assets for 2009 and 2008, respectively.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund, Page 22, shows the difference between the budgeted revenues and expenditures and the actual amounts received and expended. In total, revenues were under budget by 12.60% and expenditures were under budget by 1.24%.

Other items of note for the General Fund were:

- Rising interest rates and a corporate failure caused large unrealized market losses, thus reducing investment income. It has been further decided that because unrealized gains and losses have no immediate budgetary effect, they will no longer be included in the budget. They will, of course, be included in the annual financial statement.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The capital assets of the Town are those assets that are used in performance of Town functions including infrastructure assets. Capital assets include police services and public works equipment, vehicles, buildings and roads. Net capital assets of the governmental activities totaled \$9.4 million and \$6.7 million at June 30, 2009 and 2008, respectively. Depreciation on capital assets is recognized in the Government-Wide Statement of Activities.

TOWN OF LOOMIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

CAPITAL ASSETS, NET OF DEPRECIATION AS OF JUNE 30

	2009	2008
Capital assets, not being depreciated:		
Land	\$ 1,961,976	\$ 590,086
Construction in progress	545,715	1,060,208
Depreciable capital assets:		
Office equipment	27,716	46,063
Tools and equipment	24,286	33,591
Vehicles	151,725	75,520
Land improvements	163,359	144,632
Infrastructure	5,249,459	4,211,015
Buildings and improvements	697,592	713
Corp yard improvements	545,995	570,022
TOTAL	\$ 9,367,823	\$ 6,731,850

Major capital asset improvements and additions during the fiscal year ended June 30, 2009 included the following:

- Reconstruction of various streets throughout the Town;
- Completed restoration of the Train Depot;
- Purchased the old SPMUD building to be used as Town Hall; and
- Purchased land from Union Pacific through the center of Downtown Loomis to be developed as park and community space.

Debt administration

The Town's liabilities included compensated absences which had a balance of \$174,148 as of June 30, 2009, an increase of \$10,528 over the prior year. The Town has obligations under capital lease for a copier leases with a balance at year end of \$13,378. A total of \$5,953 in payments was made on the leases. Special assessment bonds payable decreased \$2,865 to a balance of \$13,526 at June 30, 2009.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The current economy has had its effect on Loomis. Projected sales and property taxes are down. The Council and Staff have taken a "hunker down" attitude and minimized costs where possible, but retained the staffing at the current level. With the Town's adequate reserves, the citizens should not see any decrease in service. The new budget projects General Fund operating revenues and expenditures of \$3,224,832 with \$327,000 coming from prior year excess reserves.

The Town is in very good financial condition: there is negligible long term debt, and with proper fiscal oversight, the available reserves will cover these lean years.

TOWN OF LOOMIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances, and how to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of Finance, Town of Loomis, 6140 Horseshoe Bar Road, Suite K, Loomis, California 95650.



TOWN OF LOOMIS, CALIFORNIA

GOVERNMENT-WIDE STATEMENT OF NET ASSETS AS OF JUNE 30, 2009

ASSETS:

CURRENT ASSETS:

Cash and investments	\$ 11,508,931
Receivables:	
Accounts receivable	155,330
Interest receivable	2,964
Assessments receivable	65,616
Loans receivable	665,611
Due from agency funds	3,002

TOTAL CURRENT ASSETS 12,401,454

NONCURRENT ASSETS:

Capital assets, net:	
Nondepreciable	2,507,691
Depreciable, net	6,860,132

TOTAL NONCURRENT ASSETS 9,367,823

TOTAL ASSETS \$ 21,769,277

LIABILITIES:

CURRENT LIABILITIES:

Accounts payable and other accrued expenses	\$ 239,334
Due to other governments	362
Performance bonds	73,225
Long-term debt, due within one year	7,180

TOTAL CURRENT LIABILITIES 320,101

NONCURRENT LIABILITIES, due after one year

Compensated absences	174,148
Long-term debt	19,724

TOTAL NONCURRENT LIABILITIES 193,872

TOTAL LIABILITIES \$ 513,973

NET ASSETS:

Invested in capital assets, net of related debt	\$ 9,340,919
Restricted for:	
Maintenance projects	1,524,656
Capital project funds	4,024,385
Unrestricted	6,365,344

TOTAL NET ASSETS \$ 21,255,304

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF LOOMIS, CALIFORNIA

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Expenses	Program Revenues		Capital Grants and Contributions	Net (expense) revenue- Governmental activities
		Charges for Services	Operating Grants and Contributions		
GOVERNMENTAL ACTIVITIES:					
General governmental	\$ 1,147,509	\$ 26,044	\$ -		\$ (1,121,465)
Public safety	1,420,240	34,956	100,000	-	(1,285,284)
Public works	865,740	216,474	441,588	500,000	292,322
Planning	379,755	77,282	-	-	(302,473)
Interest expense	2,362	-	-	-	(2,362)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 3,815,606	\$ 354,756	\$ 541,588	\$ 500,000	(2,419,262)
GENERAL REVENUES:					
					1,895,978
Property taxes					174,659
Other taxes					681,115
Sales and use taxes					22,550
Motor vehicle in-lieu					226,025
Franchise fees					267,827
Investment income					17,224
Other income					
TOTAL GENERAL REVENUES					3,285,378
CHANGE IN NET ASSETS					866,116
NET ASSETS, JULY 1:					
As originally stated					20,172,748
Prior period adjustment					216,440
As restated					20,389,188
NET ASSET, JUNE 30					\$ 21,255,304

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF LOOMIS, CALIFORNIA

BALANCE SHEET - GOVERNMENTAL FUNDS AS OF JUNE 30, 2009

	Major Funds				
	General Fund	Special Revenue Funds			Capital Pro- jects Fund
		Streets and Roads Fund	Low Income Density Fund	Maintenance Districts Fund	Road Cir- culation Fund
ASSETS					
ASSETS:					
Cash and investments	\$ 4,432,836	\$ 20,556	\$ 258,768	\$1,524,428	\$ 2,790,019
Receivables:					
Accounts receivable	82,083	-	-	-	-
Interest receivable	1,421	18	56	332	608
Assessments receivable	47,549	-	-	18,067	-
Loans receivable	-	-	665,611	-	-
Due from other funds	903,758	-	-	-	75,388
TOTAL ASSETS	\$ 5,467,647	\$ 20,574	\$ 924,435	\$1,542,827	\$ 2,866,015
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Current liabilities:					
Accounts payable and accrued liabilities	\$ 43,215	\$154,801	\$ -	\$ -	\$ -
Due to other funds	-	419,862	-	18,171	449,676
Deferred revenue	-	-	665,611	-	-
Due to other governments	362	-	-	-	-
Performance bonds	73,225	-	-	-	-
TOTAL LIABILITIES	116,802	574,663	665,611	18,171	449,676
FUND BALANCES:					
Designated for subsequent year's expenditure					
General fund	327,187	-	-	-	-
Special revenue funds	-	-	-	-	-
Capital project funds	-	-	-	-	-
Unreserved, reported in:					
General fund	5,023,658	-	-	-	-
Special revenue funds	-	(554,089)	258,824	1,524,656	-
Capital project funds	-	-	-	-	2,416,339
TOTAL FUND BALANCES	5,350,845	(554,089)	258,824	1,524,656	2,416,339
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,467,647	\$ 20,574	\$ 924,435	\$1,542,827	\$ 2,866,015

The accompanying notes to financial statements are an integral part of this statement.

Nonmajor Governmental Fund	Total Governmental Funds
\$ 2,482,324	\$11,508,931
73,247	155,330
529	2,964
-	65,616
-	665,611
-	979,146
<u>\$ 2,556,100</u>	<u>\$13,377,598</u>

\$ 41,318	\$ 239,334
88,435	976,144
-	665,611
-	362
-	73,225
<u>129,753</u>	<u>1,954,676</u>

-	327,187
368,968	368,968
114,600	114,600
-	5,023,658
449,333	1,678,724
1,493,446	3,909,785
<u>2,426,347</u>	<u>11,422,922</u>
<u>\$ 2,556,100</u>	<u>\$13,377,598</u>

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TOWN OF LOOMIS, CALIFORNIA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS AS OF JUNE 30, 2009

TOTAL GOVERNMENTAL FUND BALANCES	\$ 11,422,922
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	9,367,823
Certain notes receivable and accounts receivable are not available to pay for current period expenditures and, therefore are offset by deferred revenue in the governmental funds.	665,611
Compensated absences in the general fund are not due and payable in the current period and therefore are not reported in the general funds.	(174,148)
Long-term debt in the general fund are not due and payable in the current period and therefore are not reported in the general funds.	<u>(26,904)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 21,255,304</u></u>
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TOWN OF LOOMIS, CALIFORNIA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Major Funds				Capital Pro- jects Fund
	Special Revenue Funds			Maintenance Districts Fund	Road Cir- culation Fund
	General Fund	Streets and Roads Fund	Low Income Density Fund		
REVENUES:					
Tax revenues	\$ 1,936,149	\$ -	\$ -	\$ 102,468	\$ -
License, fees and permits	154,600	-	-	-	112,850
Franchise fees	226,025	-	-	-	-
Intergovernmental revenues	549,161	389,536	-	-	-
Fines, forfeitures and penalties	34,956	-	-	-	-
Investment income	146,073	1,881	5,782	24,527	45,505
Other	11,796	-	201	-	-
TOTAL REVENUES	3,058,760	391,417	5,983	126,995	158,355
EXPENDITURES:					
Current:					
General government	825,065	-	-	1,065	-
Public safety	1,335,729	-	-	-	-
Public works	536,715	250,669	-	12,171	-
Planning	364,910	-	-	-	-
Debt service:					
Interest costs	2,362	-	-	-	-
Principal payments	8,818	-	-	-	-
Capital outlay	2,093,811	288,590	-	3,000	-
TOTAL EXPENDITURES	5,167,410	539,259	-	16,236	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,108,650)	(147,842)	5,983	110,759	158,355
OTHER FINANCING SOURCES (USES):					
Transfers in	500,000	6,610	-	-	-
Transfers out	-	-	-	-	-
TOTAL OTHER FINANCING	500,000	6,610	-	-	-
NET CHANGE IN FUND BALANCES	(1,608,650)	(141,232)	5,983	110,759	158,355
FUND BALANCES (DEFICIT), JULY 1:					
As originally stated	6,959,495	(412,857)	702,480	1,413,897	2,257,984
Prior period adjustment	-	-	(449,639)	-	-
As restated	6,959,495	(412,857)	252,841	1,413,897	2,257,984
FUND BALANCES (DEFECIT), JUNE 30	\$ 5,350,845	\$(554,089)	\$ 258,824	\$ 1,524,656	\$ 2,416,339

The accompanying notes to financial statements are an integral part of this statement.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 186,524	\$ 2,225,141
52,350	319,800
-	226,025
652,052	1,590,749
-	34,956
44,059	267,827
5,695	17,692
<u>940,680</u>	<u>4,682,190</u>
22,916	849,046
84,511	1,420,240
66,185	865,740
14,845	379,755
-	2,362
-	8,818
<u>538,509</u>	<u>2,923,910</u>
<u>726,966</u>	<u>6,449,871</u>
<u>213,714</u>	<u>(1,767,681)</u>
-	506,610
<u>(506,610)</u>	<u>(506,610)</u>
<u>(506,610)</u>	<u>-</u>
<u>(292,896)</u>	<u>(1,767,681)</u>
2,719,243	13,640,242
-	(449,639)
<u>2,719,243</u>	<u>13,190,603</u>
<u>\$ 2,426,347</u>	<u>\$ 11,422,922</u>

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TOWN OF LOOMIS, CALIFORNIA

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$(1,767,681)
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Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.	2,946,649
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Certain notes receivable are reported in the governmental funds as expenditures and then offset by a deferred revenue as they are not available to pay current expenditures. When the note is collected it is reflected in revenue.	(468)
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Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net assets, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in the governmental funds.	(310,675)
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Increase in compensated absences	\$ (10,527)	
Principal payments on long-term debt	<u>8,818</u>	<u>(1,709)</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 866,116</u>
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TOWN OF LOOMIS, CALIFORNIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	General Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Tax revenues	\$ 2,236,000	\$ 2,236,000	\$ 1,936,149	\$ (299,851)
License, fees and permits	235,000	235,000	154,600	(80,400)
Franchise fees	225,000	225,000	226,025	1,025
Intergovernmental	536,199	536,199	549,161	12,962
Fines, forfeitures and penalties	-	-	34,956	34,956
Investment income	245,000	245,000	146,073	(98,927)
Other	22,500	22,500	11,796	(10,704)
TOTAL REVENUES	3,499,699	3,499,699	3,058,760	(440,939)
EXPENDITURES:				
Current:				
General government	908,759	908,759	825,065	83,694
Public safety	1,392,116	1,392,116	1,335,729	56,387
Public works	698,450	698,450	536,715	161,735
Planning	454,050	454,050	364,910	89,140
Debt service:				
Interest costs	-	-	2,362	(2,362)
Principal payments	-	-	8,818	(8,818)
Capital outlay	1,650,500	1,650,500	2,093,811	(443,311)
TOTAL EXPENDITURES	5,103,875	5,103,875	5,167,410	(63,535)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,604,176)	(1,604,176)	(2,108,650)	(504,474)
OTHER FINANCING SOURCES:				
Transfers in	-	-	500,000	500,000
NET CHANGE IN FUND BALANCES	(1,604,176)	(1,604,176)	(1,608,650)	(4,474)
FUND BALANCES (DEFICIT), JULY 1	6,832,049	6,832,049	6,959,495	127,446
FUND BALANCES (DEFICIT), JUNE 30	\$ 5,227,873	\$ 5,227,873	\$ 5,350,845	\$ 122,972

The accompanying notes to financial statements are an integral part of this statement.

Streets and Roads Special Revenue Fund

Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
420,000	420,000	389,536	(30,464)
-	-	-	-
5,022	5,022	1,881	(3,141)
20,000	20,000	-	(20,000)
<u>445,022</u>	<u>445,022</u>	<u>391,417</u>	<u>(53,605)</u>
-	-	-	-
-	-	-	-
193,500	193,500	250,669	(57,169)
-	-	-	-
-	-	-	-
-	-	-	-
350,220	350,220	288,590	61,630
<u>543,720</u>	<u>543,720</u>	<u>539,259</u>	<u>4,461</u>
(98,698)	(98,698)	(147,842)	(49,144)
-	-	6,610	6,610
(98,698)	(98,698)	(141,232)	(42,534)
(427,671)	(427,671)	(412,857)	14,814
<u><u>\$(526,369)</u></u>	<u><u>\$(526,369)</u></u>	<u><u>\$(554,089)</u></u>	<u><u>\$ (27,720)</u></u>

TOWN OF LOOMIS, CALIFORNIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Low Income Density Special Revenue Fund

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Tax revenues	\$ -	\$ -	\$ -	\$ -
License, fees and permits	6,000	6,000	-	(6,000)
Investment income	33,000	33,000	5,782	(27,218)
Other	-	-	201	201
TOTAL REVENUES	<u>39,000</u>	<u>39,000</u>	<u>5,983</u>	<u>(33,017)</u>
EXPENDITURES:				
Current:				
General government	-	-	-	-
Public works	225,000	225,000	-	225,000
Capital outlay	-	-	-	-
TOTAL EXPENDITURES	<u>225,000</u>	<u>225,000</u>	<u>-</u>	<u>225,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(186,000)	(186,000)	5,983	191,983
OTHER FINANCING USES:				
Transfers out	-	-	-	-
NET CHANGE IN FUND BALANCES	<u>(186,000)</u>	<u>(186,000)</u>	<u>5,983</u>	<u>191,983</u>
FUND BALANCES, JULY 1:				
As originally stated	693,077	693,077	702,480	9,403
Prior period adjustment	-	-	(449,639)	(449,639)
As restated	<u>693,077</u>	<u>693,077</u>	<u>252,841</u>	<u>(440,236)</u>
FUND BALANCES, JUNE 30	<u>\$ 507,077</u>	<u>\$ 507,077</u>	<u>\$ 258,824</u>	<u>\$ (248,253)</u>

The accompanying notes to financial statements are an integral part of this statement.

Maintenance Districts Special Revenue Fund

Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 106,307	\$ 106,307	\$ 102,468	\$ (3,839)
-	-	-	-
75,185	75,185	24,527	(50,658)
-	-	-	-
181,492	181,492	126,995	(54,497)
1,130	1,130	1,065	65
21,467	21,467	12,171	9,296
-	-	3,000	(3,000)
22,597	22,597	16,236	6,361
158,895	158,895	110,759	(48,136)
(4,396)	(4,396)	-	4,396
154,499	154,499	110,759	(43,740)
1,244,994	1,244,994	1,413,897	168,903
-	-	-	-
1,244,994	1,244,994	1,413,897	168,903
\$ 1,399,493	\$ 1,399,493	\$ 1,524,656	\$ 125,163

TOWN OF LOOMIS, CALIFORNIA

STATEMENT OF FIDUCIARY NET ASSETS - AGENCY FUNDS AS OF JUNE 30, 2009

ASSETS

Due from other governments	<u>\$ 4,309</u>
TOTAL ASSETS	<u><u>\$ 4,309</u></u>

LIABILITIES

Accounts payable	\$ 1,307
Due to other funds	<u>3,002</u>
TOTAL LIABILITIES	<u><u>\$ 4,309</u></u>

The accompanying notes to financial statements are an integral part of this statement.

TOWN OF LOOMIS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Loomis ("the Town") was incorporated in 1984, under the laws and regulations of the State of California. The Town operates under Town Council - Manager form of government and provides or contracts for the following services: public safety (Police), highways and streets, public improvements, planning and zoning, and general administration. Authority and responsibility for operations is given to the Town Council by the voters of the Town of Loomis. The Town Council has the authority to employ administrative and support personnel to carry out its directives. The primary method used to monitor the performance of the Town's financial management is the financial budget which is adopted annually by the Town Council.

The Town operates as a self-governing governmental unit within the State of California. The financial statements of the Town have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting.

The Town main funding sources include property taxes, sales taxes, other inter-governmental revenue from state and federal sources, user fees, and federal and state financial assistance.

These financial statements include:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Town's overall financial position and results of operations. This is required supplementary information.
- Government-wide financial statements prepared using the economic resources measurement focus and the accrual basis of accounting for all the Town's activities.

Basis of Accounting - Government-Wide Financial Statements

The government-wide financial statements (i.e. the statement of net assets and statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs have been included as part of the program expenses reported for the various functional activities in the statement of activities. Program revenues include:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and

TOWN OF LOOMIS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Revenues that are not classified as program revenues are presented as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenue. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The accounts of the Town are organized on the basis of funds. A fund is a separate self-balancing set of accounts. Each fund was established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions or limitations. Separate financial statements are provided for governmental funds and fiduciary funds, even though the last is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Reporting Entity

The reporting entity for the Town of Loomis includes all funds and operations under the jurisdiction of the Town Council. There are no component or blended component units that are part of the Town's operations.

Fund Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, franchise taxes, licenses, intergovernmental revenues, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town's accounts are organized into three fund types with the major funds described as follows:

TOWN OF LOOMIS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Funds

General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are legally restricted to expenditures for specific purposes.

The Town reports the following major special revenue funds:

- Streets and Roads Fund is used to account for the Transportation Development Act revenues received for various street and road projects.
- Low Income Density Fund is used to account for the monies received for loan repayments.
- Maintenance Districts Fund is used to account for the monies received for the various maintenance districts of the Town.

Capital Projects Funds are used to account for revenues and expenditures restricted to the acquisition or construction of capital assets and are accounted for in a manner similar to the General Fund.

The Town reports the following major capital projects fund:

- Road Circulation Fund is used to account for the monies received for creation of new roads, or improvements to existing arterials that create new capacity.

Fiduciary Funds

Agency Fund is used to account for assets held by the Town. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Cash and Cash Equivalents

The Town considers all highly-liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Loans Receivable

The Town has various loans receivable from past community development block grant awards. Generally, the loans are due on change of title of the underlying property. As a result, the receivable balances are offset by deferred revenue. The activity for the fiscal year ended June 30, 2009 is as follows:

	Balance at July 1, 2008	Additions	Deletions	Balance at June 30, 2009
Loans receivable	\$ 666,079	\$ -	\$ (468)	\$ 665,611

TOWN OF LOOMIS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the Town as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The valuation bases for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost.

The Town's current capitalization threshold is \$5,000.

Depreciation of capital assets is computed using the straight-line method. The estimated useful lives for these depreciated assets are as follows:

Improvements	30 years
Equipment and other improvements	5 to 20 years

General infrastructure assets acquired prior to July 1, 2003, are not reported in the basic financial statements.

Allowance for Doubtful Accounts

No amount has been provided as an allowance for doubtful accounts because, in the opinion of management, all material amounts are fully collectible

Interfund Transactions

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion).

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Town. Unused vacation time accrued is payable at 100% of the accrual at termination of employment. At June 30, 2009, the unpaid vacation liability of the Town amounted to \$65,299.

Accumulated sick leave benefits are recognized as liabilities of the Town. Employees vest in sick leave benefits after completing five years of service at a rate of 50%. At June 30, 2009, the unpaid sick leave liability of the Town amounted to \$108,849.

Deferred Revenues

Deferred revenue in governmental funds arises when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenue also arise when resources are received by the City before it has legal claim to them, (i.e., when grant monies are received prior to the incurrence of qualifying expenditures).

TOWN OF LOOMIS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets

The government-wide financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted, and unrestricted.

- *Invested in Capital Assets, Net of Related Debt* – This category groups all capital assets into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Assets* – This category presents external restrictions imposed by creditors, grantors, contributors, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Assets* – This category represents net assets of the Town not restricted for any project or other purpose.

In the government-wide financial statements, when both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amount that are not available for appropriation or are legally segregated for a specific future use. Designations represent tentative plans by Town Council or management that are subject to change. The following is a description of the designations used by the Town:

Designated for subsequent year's expenditures – used to represent that portion of fund balance designated for subsequent expenditures in the next fiscal year's budget.

Property Tax

Secured property taxes attach as an enforceable lien on property as of July 1. Taxes are payable in two installments on November 1 and February 1. Placer County bills and collects the taxes for the Town. Tax revenue is recognized by the Town when notification of collection is received.

Budgetary Policy and Data

The Town Council annually adopts a Town-wide budget resolution for the Town. Department heads submit budget requests to the Town Manager. Town employees prepare estimates of revenue and recommendations for the next year's budget. The preliminary budget may or may not be amended by the Town Council and is adopted by resolution of the Town Council on or before June 30. Budget appropriations lapse at the end of the year. The budget is prepared on a cash basis, which does not vary significantly from the basis of accounting used in the financial statements.

TOWN OF LOOMIS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the 2009 financial statements to conform to the current presentation. These reclassifications had no effect on total assets, liabilities, or net assets as previously stated.

Effects of New Pronouncements

For the fiscal year ended June 30, 2009, the Town implemented the following new GASB pronouncements:

- GASB Statement No. 55, *Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature.
- GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*, incorporates into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards.

The Town is currently analyzing the impact of the required implementation of these new statements that were not implemented during the fiscal year ended June 30, 2009.

- GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits other than Pensions*, establishes standards for the measurement, recognition and display of other postemployment benefits (OPEB) expenses/ expenditures, related assets and liabilities, note disclosures and, if applicable, required supplementary information in the financial reports of state and local government employers. GASB 45 will be effective for the fiscal year ending June 30, 2010.
- GASB Statement No. 50, *Pension Disclosures*, aligns the financial reporting requirements for pensions with those required for other postemployment benefits (OPEB) under GASB Statements No. 43 and No. 45.
- GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber patent rights, patents, trademarks and computer software. GASB 51 will be effective for the fiscal year ending June 30, 2010.

TOWN OF LOOMIS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB 54 will be effective for the fiscal year ended June 30, 2011.

NOTE 2: CASH AND INVESTMENTS

Cash and investments consisted of the following for the fiscal year ended June 30:

	2009	2008
Cash on hand	\$ 175	\$ 175
Deposits with financial institutions	583,200	398,949
Add: deposit in transit	2,682	1,264
Less: outstanding checks	(23,834)	(357,722)
Local agency investment fund	363,663	127,813
Total cash and cash equivalents	925,886	170,479
Certificates of deposit held with brokerage firm	3,196,544	1,788,510
U.S. Treasury obligations	4,615,971	8,675,240
Medium term corporate notes	2,770,530	2,990,069
Total debt instruments	7,386,501	11,665,309
Total investments	10,583,045	13,453,819
TOTAL CASH AND INVESTMENTS	\$ 11,508,931	\$ 13,624,298
Summary of cash and investments:		
Government-wide statement	\$ 11,508,931	\$ 13,577,471
Fiduciary funds	-	46,827
TOTAL	\$ 11,508,931	\$ 13,624,298

Investment policy: Investments are reported at fair value. California statutes authorize cities to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, §53600, Chapter 4 – Financial Affairs. The table below identifies the investment types that are authorized for the Town by the California Government Code that address interest rate risk, credit risk, and concentration of credit risk. The Town's investment policy provides for additional restrictions as to the investment type, maximum maturity, percentage of portfolio, and maximum in a single user. During the fiscal year ended June 30, 2009, the Town's permissible investments included the following instruments.

TOWN OF LOOMIS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

NOTE 2: CASH AND INVESTMENTS (continued)

Authorized Investment Type	Maximum Maturity	Maximum % of Portfolio	Maximum Investment in One issuer
Bonds issued by Town of Loomis	5 years	5%	100%
Federal treasury notes, bonds, bills	5 years	100%	50%
State agency bonds, etc.	5 years	50%	50%
Local agency bonds, etc.	5 years	50%	15%
Federal agency bonds	5 years	100%	100%
Bankers acceptances	180 days	40%	15%
Commercial paper	180 days	15%	15%
Negotiable certificates of deposit	5 years	30%	15%
Repurchase agreements	90 days	20%	15%
Reverse repurchase agreements	90 days	20%	15%
Local agency investment funds	n/a	100%	n/a
Time deposits	5 years	25%	15%
Medium term corporate notes	5 years	30%	15%

The Town complied with the provisions of the California Government Code and its investment policy pertaining to the types of investments held, institutions in which deposits were made and security requirements.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the Town manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair value of the Town's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Town's investments by maturity at June 30, 2009:

Type of Investment	Total	Remaining Maturity (in months)				
		12 months or less	13-23 months	24-36 months	36-48 months	48-60 months
U.S. Treasury obligations	\$ 4,615,971	\$ -	\$ -	\$ -	\$2,095,263	\$2,520,708
Medium term corporate notes	2,770,530	-	-	1,272,218	1,498,312	-
TOTAL	\$ 7,386,501	\$ -	\$ -	\$1,272,218	\$3,593,575	\$2,520,708
Percentage of portfolio	100.00%	0.00%	0.00%	17.22%	48.65%	34.13%
Maximum per policy		30.00%	40.00%	40.00%	30.00%	30.00%

TOWN OF LOOMIS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

NOTE 2: CASH AND INVESTMENTS (continued)

Credit risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below are the Town's investment policy and actual ratings of the investments as of June 30, 2009:

Credit risk	Type of Investment		Total
	US Treasury obligations	Commercial Paper	
AAA	\$ 4,615,971	\$ 195,743	\$ 4,811,714
A	-	534,242	534,242
AA	-	729,150	729,150
AA3	-	262,571	262,571
A2	-	460,506	460,506
AA-	-	511,134	511,134
Unrated	-	77,184	77,184
TOTAL	\$ 4,615,971	\$ 2,770,530	\$ 7,386,501
Minimum rating	n/a	A	

Concentration of credit risk: The investment policy of the Town limits the amount that can be invested in any one issuer to the amount stipulated by the California Government Code. As of June 30, 2009, the Town did not have any investment in any one issuer exceeding its existing investment policy.

Custodial credit risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

TOWN OF LOOMIS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

NOTE 2: CASH AND INVESTMENTS (continued)

At June 30, 2008, the City's account with the Bank of America had a carrying amount of \$562,048 with a bank balance of \$583,200. The bank balances were insured by the FDIC for \$250,000 and the remaining \$333,200 is collateralized as required by State law (Government Code § 53630) by the financial institution with assets held in a common pool for the Town and other governmental agencies, but not in the name of the Town.

As of June 30, Town investments in the following investment types were held by the same broker-dealer (counterparty) that was used by the Town to buy the securities:

	2009	2008
Certificates of deposit held with brokerage firm	\$ 3,196,544	\$ 1,788,510
U.S. Treasury obligations	4,615,971	8,675,240
Medium term corporate notes	2,770,530	2,990,069
TOTAL INVESTMENTS	\$ 10,583,045	\$ 13,453,819

Investment in Local Agency Investment Fund (LAIF): LAIF is stated at fair value. The LAIF is a special fund of the State of California Treasury through which local governments may pool investments. The total fair value amount invested by all public agencies in LAIF is \$50,853,707,566 and is managed by the State Treasurer. Of that amount, 89.843% is invested in non-derivative financial products and 10.157% in structured financial instruments. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The fair value of the Town's investment in this pool is reported in the accompanying financial statements at amounts based on the Town's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

TOWN OF LOOMIS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

NOTE 3: CAPITAL ASSETS AND DEPRECIATION

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Capital asset activity for the year ended June 30, 2009 was as follows:

	Balance at July 1, 2008	Additions	Deletions	Transfers	Balance at June 30, 2009
Capital assets, not being depreciated					
Land	\$ 590,086	\$1,371,890	\$ -	\$ -	\$1,961,976
Construction in progress	1,060,208	545,715	-	(1,060,208)	545,715
	<u>1,650,294</u>	<u>1,917,605</u>	<u>-</u>	<u>(1,060,208)</u>	<u>2,507,691</u>
Depreciable capital assets:					
Office equipment	508,600	1,378	-	-	509,978
Tools and equipment	271,538	-	-	-	271,538
Vehicles	134,420	92,255	-	-	226,675
Land improvements	188,650	26,802	-	-	215,452
Infrastructure	5,022,931	320,376	-	926,792	6,270,099
Buildings and improvements	7,127	588,231	-	133,416	728,774
Corp yard improvements	716,135	-	-	-	716,135
	<u>6,849,401</u>	<u>1,029,042</u>	<u>-</u>	<u>1,060,208</u>	<u>8,938,651</u>
Less accumulated depreciation					
Office equipment	(462,537)	(19,725)	-	-	(482,262)
Tools and equipment	(237,947)	(9,305)	-	-	(247,252)
Vehicles	(58,900)	(16,050)	-	-	(74,950)
Land improvements	(44,018)	(8,075)	-	-	(52,093)
Infrastructure	(811,916)	(208,724)	-	-	(1,020,640)
Buildings and improvements	(6,414)	(24,768)	-	-	(31,182)
Corp yard improvements	(146,113)	(24,027)	-	-	(170,140)
	<u>(1,767,845)</u>	<u>(310,674)</u>	<u>-</u>	<u>-</u>	<u>(2,078,519)</u>
GOVERNMENTAL ACTIVITIES					
CAPITAL ASSETS, NET	<u>\$6,731,850</u>	<u>\$2,635,973</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$9,367,823</u>

The depreciation expense of \$310,674 is charged to the general government function.

TOWN OF LOOMIS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

NOTE 4: JOINT VENTURE

The Town is a member of the Small cities Organized Risk Effort (SCORE) for worker's compensation and liability insurances purposes. SCORE is organized under a joint powers agreement pursuant to the California Government Code. The purpose of SCORE is to arrange and administer programs of insurance of risk pooling of self-insured losses and to purchase excess liability coverage. An annual audit of SCORE is performed and filed with the State Controller's office.

NOTE 5: LONG-TERM LIABILITIES

The changes in long-term liabilities for the fiscal year ended June 30, 2009 were as follows:

	Balance at July 1, 2008	Incurred	Retired	Balance at June 30, 2009	Due within one year
Compensated absences	\$ 163,620	\$ 10,528	\$ -	\$ 174,148	\$ -
Obligations under capital lease	19,331	-	(5,953)	13,378	4,028
Bonds payable	16,391	-	(2,865)	13,526	3,152
	<u>\$ 199,342</u>	<u>\$ 10,528</u>	<u>\$ (8,818)</u>	<u>\$ 201,052</u>	<u>\$ 7,180</u>

Obligations under capital lease:

Copier lease dated August 2, 2004, due in monthly payments of \$198 including interest at 5.00% per annum through July 2009. \$ 190

Copier lease dated August 23, 2007, due in monthly payments of \$367 including interest at 5.00% per annum through July 2012. 13,188

Total Obligations Under Capital Lease \$13,378

Special Assessment Bonds

Special assessment bonds due in semi-annual installments of \$2,198, including interest at 9.75% per annual through August 2013. \$13,526

The annual requirements are as follows:

Year Ended June 30,	Obligations under cap- ital lease	Bonds payable	Total
2010	\$ 4,601	\$ 4,396	\$ 8,997
2011	4,402	4,395	8,797
2012	4,403	4,396	8,799
2013	<u>1,100</u>	<u>3,296</u>	<u>4,396</u>
Total	14,506	16,483	30,989
Less: interest	<u>(1,128)</u>	<u>(2,957)</u>	<u>(4,085)</u>
	<u>\$ 13,378</u>	<u>\$ 13,526</u>	<u>\$ 26,904</u>

TOWN OF LOOMIS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

NOTE 5: LONG-TERM LIABILITIES (continued)

Assets under capital lease at June 30, 2009 were as follows:

Assets under capital lease:	
Office equipment	\$ 29,957
Less: accumulated amortization	<u>(18,292)</u>
TOTAL, NET	<u>\$ 11,665</u>

NOTE 6: EXCESS EXPENDITURES OVER APPROPRIATIONS

The following fund had excess expenditures over appropriations:

<u>Fund</u>	<u>Expenditures and transfers</u>	<u>Budget</u>	<u>Deficit</u>
Non-major fund:			
Tree Removal Special Revenue Fund	\$ 14,845	\$ -	\$ (14,845)
Park Grants Special Revenue Fund	500,000	451,327	(48,673)

NOTE 7: INTERFUND TRANSACTIONS

Interfund balances for operations as of June 30, 2009 were as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 903,758	\$ -
Special Revenue Funds:		
Streets and Roads Fund	-	419,862
Maintenance Districts Fund	-	18,171
Non-major funds	-	88,435
Capital Projects Fund:		
Road Circulation Fund	75,388	449,676
Agency Funds:		
Non-major funds	-	3,002
Total	<u>\$ 979,146</u>	<u>\$ 979,146</u>

TOWN OF LOOMIS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

NOTE 7: INTERFUND TRANSACTIONS (continued)

Interfund transfers for operations as of June 30, 2009 were as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 500,000	\$ -
Special Revenue Funds:		
Streets and Roads Fund	6,610	-
Non-major funds	-	506,610
Total	\$ 506,610	\$ 506,610

NOTE 8: FUND DEFICITS

The following funds had deficit fund balances as of June 30, 2009:

<u>Fund</u>	<u>Deficit</u>
Special Revenue Funds:	
Streets and Roads Fund	\$(554,089)
Non-major funds:	
Transit Fund	(20,046)
Master Plan Fund	(36,881)

NOTE 9: DEFINED BENEFIT PENSION PLAN

Plan Description

The Town of Loomis, California's defined benefit pension plan, California Public Employees' Retirement System (CalPERS) provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Town of Loomis, California is part of the Public Agency portion of CalPERS, an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public entities within the State of California. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees' Retirement Law. The Town of Loomis, California selects optional benefits through state statute and Town resolutions. CalPERS issues a separate comprehensive annual financial report. Copies of CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

TOWN OF LOOMIS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

NOTE 9: DEFINED BENEFIT PENSION PLAN (continued)

Employees and Employer Contribution Obligations

Participants are required to pay 7% of covered payroll. The Town of Loomis, California is required to contribute at the actuarially determined rate necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year ended June 30, 2009 was 7.926% for a contribution of \$62,905. The contribution requirement of plan members is established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost

For the fiscal year ended June 30, 2009, the Town's annual pension costs of \$62,905 for PERS was equal to the Town's required and actual contributions. The Town as employer makes the contributions required of Town employees on their behalf for their account, which amounted to \$55,846 for the fiscal year ended June 30, 2009. The actuarial value of CalPERS' assets was determined using techniques that smooths the effect of short-term volatility in the market value of investments over a 3 year period (smoothed market value) depending on the size of investment gains and/or losses. CalPERS' excess assets is being amortized as a level percentage of projected payrolls on a closed basis. The principal assumptions and methods used to determine the annual required contributions are as follows:

1. Valuation date: June 30, 2007 (most recent available data)
2. Actuarial cost method: Entry age actuarial cost method
3. Amortization method: Level percent of payroll
4. Average remaining period as of the valuation date: 16 years
5. Asset valuation method: 15 year smoothed market
6. Actuarial assumptions:
 - 7.75% investment rate of return (net of administrative expenses),
 - Projected annual salary increases that vary by age, service, and type of employment: 3.25% to 14.45%
 - 3.00% inflation
 - 3.25% payroll growth
 - Individual salary growth based on a merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.00% and an annual production growth of 0.25%

Trend Information

Within the Town's financial statement, three years of historical trend information are required. The trend information is summarized as follows (the most recent data available):

TOWN OF LOOMIS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

NOTE 9: DEFINED BENEFIT PENSION PLAN (continued)

Fiscal Year June 30,	Annual Pension Cost (APC)	% of APC Con- tributed	Net Pension Obligation
2007	\$ 52,172	100.0%	none
2008	\$ 58,848	100.0%	none
2009	\$ 62,905	100.0%	none

Required Supplementary Information Funded Status of Plan for PERS as a whole (individual entity amounts are not available):

Valuation Date	Entry Age Normal Accrued Liability	Market Value of Assets	Unfunded Liability/ (Excess Assets)	Funded Status	Annual Covered Payroll	UAAL As a % of payroll
June 30, 2005	\$2,891,460,651	\$2,588,713,000	\$ 302,747,651	89.530%	\$755,046,679	40.097%
June 30, 2006	2,754,396,608	2,636,941,527	117,455,081	95.736%	699,897,835	16.782%
June 30, 2007	2,611,746,790	2,756,866,680	(145,119,890)	105.556%	665,522,859	(21.805)%

NOTE 10: OPERATING LEASE AGREEMENT

The Town leases building space from a trust. The lease expired February 28, 2009 and has been extended on a month to month basis. Rent paid under this lease was \$54,503 for the year ended June 30, 2009.

NOTE 11: COMMITMENT

Through the fiscal year ended June 30, 2009, the Town the following planning project:

	Contract Amount	Expended through June 30, 2009	Contract Balance
Downtown design and planning	<u>\$ 531,557</u>	<u>\$ 137,041</u>	<u>\$ 394,516</u>

TOWN OF LOOMIS, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2009

NOTE 12: SUBSEQUENT EVENTS

MARKET VOLATILITY

During the fiscal year ended June 30, 2009, the U.S. Investment Markets were subject to significant volatility. In September 2008, Lehman Brothers filed for bankruptcy. At year end the Town held \$500,000 in Lehman Brothers investments with a fair value of \$73,750. It is not known if the Town will be able to fully recoup that investment.

As of June 30, 2009, the Town's investments with its brokerage firm reflected an unrealized loss of \$325,425.

STATE OF CALIFORNIA

The state-wide economic slowdown has resulted in the State of California looking to municipalities as a mechanism for balancing its budget. As a result, certain revenue sources may be suspended or delayed. It is not determinable at this time the effects, if any, for such suspension or delay on the operations of the Town.

NOTE 13: PRIOR PERIOD ADJUSTMENT

Certain loans receivable made under the Town's Low Income Density Special Revenue Fund revolving loan program are not due until the underlying property changes title. As a result, the loans do not represent current available resources for the governmental fund. For the fiscal year ended June 30, 2008, deferred revenues were understated by \$449,639 with a corresponding overstatement of fund balance.

For the government-wide statements, the loans are recognized as receivable and not deferred. As a result deferred revenues were overstated with a corresponding understatement of net assets as follows:

Loans receivable	\$ 666,079
Reflected on the governmental statements	<u>(449,639)</u>
Prior period adjustment - Government-wide statements	<u>\$ 216,440</u>



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COMBINING INDIVIDUAL FUND FINANCIAL STATEMENTS



TOWN OF LOOMIS, CALIFORNIA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR GOVERNMENTAL FUNDS

AS OF JUNE 30, 2009

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<hr/>			
ASSETS			
<hr/>			
ASSETS:			
Cash and cash equivalents	\$ 838,719	\$1,643,605	\$ 2,482,324
Receivables			
Accounts receivable	73,247	-	73,247
Interest receivable	170	359	529
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 912,136	\$1,643,964	\$ 2,556,100
	<hr/>	<hr/>	<hr/>
<hr/>			
LIABILITIES AND FUND BALANCES			
<hr/>			
LIABILITIES:			
Accounts payable and accrued liabilities	\$ 5,400	\$ 35,918	\$ 41,318
Due to other funds	88,435	-	88,435
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	93,835	35,918	129,753
	<hr/>	<hr/>	<hr/>
FUND BALANCES:			
Designated for subsequent year's expenditure	368,968	114,600	483,568
Unreserved - unrestricted	449,333	1,493,446	1,942,779
	<hr/>	<hr/>	<hr/>
TOTAL FUND BALANCES	818,301	1,608,046	2,426,347
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCES	\$ 912,136	\$1,643,964	\$ 2,556,100
	<hr/>	<hr/>	<hr/>

TOWN OF LOOMIS, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL REVENUE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES:			
Tax revenues	\$ 186,524	\$ -	\$ 186,524
License, fees and permits	11,600	40,750	52,350
Intergovernmental revenues	652,052	-	652,052
Investment income	11,003	33,056	44,059
Other	5,695	-	5,695
TOTAL REVENUES	<u>866,874</u>	<u>73,806</u>	<u>940,680</u>
EXPENDITURES:			
Current:			
General government	22,916	-	22,916
Public safety	84,511	-	84,511
Public works	66,185	-	66,185
Planning	14,845	-	14,845
Capital outlay	-	538,509	538,509
TOTAL EXPENDITURES	<u>188,457</u>	<u>538,509</u>	<u>726,966</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	678,417	(464,703)	213,714
OTHER FINANCING USES:			
Transfers out	(506,610)	-	(506,610)
NET CHANGE IN FUND BALANCES	171,807	(464,703)	(292,896)
FUND BALANCES, JULY 1	<u>646,494</u>	<u>2,072,749</u>	<u>2,719,243</u>
FUND BALANCES, JUNE 30	<u><u>\$ 818,301</u></u>	<u><u>\$ 1,608,046</u></u>	<u><u>\$ 2,426,347</u></u>

TOWN OF LOOMIS, CALIFORNIA

COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS AS OF JUNE 30, 2009

	Gas Tax Funds	Tree Removal Fund	AB 939 Fund	PW Sale of Fund	Transit Fund
ASSETS					
Cash and investments	\$305,407	\$ 263,888	\$169,835	\$ 52,732	\$ -
Receivables:					
Accounts receivable	10,763	-	3,357	-	3,466
Interest receivable	66	58	37	-	-
TOTAL ASSETS	<u>\$316,236</u>	<u>\$ 263,946</u>	<u>\$173,229</u>	<u>\$ 52,732</u>	<u>\$ 3,466</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	\$ -	\$ -	\$ 5,400	\$ -	\$ -
Due to other funds	-	-	-	-	23,512
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>5,400</u>	<u>-</u>	<u>23,512</u>
FUND BALANCES (DEFICIT):					
Designated for subsequent year's expenditure	316,236	-	-	52,732	-
Unreserved - unrestricted	-	263,946	167,829	-	(20,046)
TOTAL FUND BALANCES	<u>316,236</u>	<u>263,946</u>	<u>167,829</u>	<u>52,732</u>	<u>(20,046)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$316,236</u>	<u>\$ 263,946</u>	<u>\$173,229</u>	<u>\$ 52,732</u>	<u>\$ 3,466</u>

Exchange Fund	Supplemental Law Enforcement Fund	Master Plan Fund	Westside Specific Plan Fund	Traffic Congestion Relief Fund	Nonmajor Special Revenue Funds
\$ 4	\$ -	\$ 3,435	\$ 1,137	\$ 42,281	\$ 838,719
-	42,205	-	-	13,456	73,247
-	-	-	-	9	170
<u>\$ 4</u>	<u>\$ 42,205</u>	<u>\$ 3,435</u>	<u>\$ 1,137</u>	<u>\$ 55,746</u>	<u>\$ 912,136</u>

\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,400
-	24,607	40,316	-	-	88,435
-	24,607	40,316	-	-	93,835
-	-	-	-	-	368,968
4	17,598	(36,881)	1,137	55,746	449,333
4	17,598	(36,881)	1,137	55,746	818,301
<u>\$ 4</u>	<u>\$ 42,205</u>	<u>\$ 3,435</u>	<u>\$ 1,137</u>	<u>\$ 55,746</u>	<u>\$ 912,136</u>

TOWN OF LOOMIS, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Gas Tax Funds	Tree Removal Fund	AB 939 Fund	PW Sale of Fund	Transit Fund
REVENUES:					
Tax revenues	\$ 116,914	\$ -	\$ 13,456	\$ -	\$ -
License, fees and permits	-	11,600	-	-	-
Intergovernmental	-	-	-	-	52,052
Investment income (loss)	2,210	4,791	2,804	-	394
Other	-	-	5,695	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>119,124</u>	<u>16,391</u>	<u>21,955</u>	<u>-</u>	<u>52,446</u>
EXPENDITURES:					
Current:					
General government	-	-	22,916	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	66,185
Planning	-	14,845	-	-	-
Capital outlay	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>-</u>	<u>14,845</u>	<u>22,916</u>	<u>-</u>	<u>66,185</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>119,124</u>	<u>1,546</u>	<u>(961)</u>	<u>-</u>	<u>(13,739)</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	119,124	1,546	(961)	-	(13,739)
FUND BALANCES (DEFICITS), JULY 1	<u>197,112</u>	<u>262,400</u>	<u>168,790</u>	<u>52,732</u>	<u>(6,307)</u>
FUND BALANCES (DEFICITS), JUNE 30	<u>\$ 316,236</u>	<u>\$ 263,946</u>	<u>\$ 167,829</u>	<u>\$ 52,732</u>	<u>\$(20,046)</u>

Exchange Fund	Supplemental Law Enforcement Fund	Bike Lane Fund	Master Plan Fund	Westside Specific Plan Fund	Traffic Congestion Relief Fund	Park Grants Fund	Nonmajor Special Revenue Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,154		\$ 186,524
-	-	-	-	-	-		11,600
-	100,000	-	-	-	-	500,000	652,052
-	197	-	-	-	607		11,003
-	-	-	-	-	-		5,695
-	100,197	-	-	-	56,761	500,000	866,874
-	-	-	-	-	-	-	22,916
-	83,500	-	-	-	1,011	-	84,511
-	-	-	-	-	-	-	66,185
-	-	-	-	-	-	-	14,845
-	-	-	-	-	-	-	-
-	83,500	-	-	-	1,011	-	188,457
-	16,697	-	-	-	55,750	500,000	678,417
-	-	-	-	-	-	-	-
-	-	(6,610)	-	-	-	(500,000)	(506,610)
-	-	(6,610)	-	-	-	(500,000)	(506,610)
-	16,697	(6,610)	-	-	55,750	-	171,807
4	901	6,610	(36,881)	1,137	(4)		646,494
<u>\$ 4</u>	<u>\$ 17,598</u>	<u>\$ -</u>	<u>\$ (36,881)</u>	<u>\$ 1,137</u>	<u>\$ 55,746</u>	<u>\$ -</u>	<u>\$ 818,301</u>

TOWN OF LOOMIS, CALIFORNIA

COMBINING BALANCE SHEET MAJOR MAINTENANCE DISTRICTS SPECIAL REVENUE FUNDS AS OF JUNE 30, 2009

	Hunters Crossing Fund	Loomis Maintenance		Heather Heights Fund	Sunrise Loomis Fund	Live Oak Fund	Loomis Acres Fund
		District I Fund	District II Fund				
ASSETS							
Cash and investments	\$ 186,735	\$ 4,421	\$ 14,846	\$ 222,012	\$ 160,160	\$ 229,788	\$ 109,339
Receivables:							
Interest receivable	41	1	3	49	34	50	24
Assessments receivable	197	25	52	558	-	-	250
TOTAL ASSETS	<u>\$ 186,973</u>	<u>\$ 4,447</u>	<u>\$ 14,901</u>	<u>\$ 222,619</u>	<u>\$ 160,194</u>	<u>\$ 229,838</u>	<u>\$ 109,613</u>
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Due to other funds	\$ -	\$ 4,645	\$ -	\$ -	\$ -	\$ -	\$ -
FUND BALANCES (DEFICITS):							
Unreserved - unrestricted	186,973	(198)	14,901	222,619	160,194	229,838	109,613
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 186,973</u>	<u>\$ 4,447</u>	<u>\$ 14,901</u>	<u>\$ 222,619</u>	<u>\$ 160,194</u>	<u>\$ 229,838</u>	<u>\$ 109,613</u>

<u>Hunters Crossing II Fund</u>	<u>King Road Village Fund</u>	<u>Saunders Avenue Fund</u>	<u>Rachael Estates Fund</u>	<u>No Name Lane Fund</u>	<u>Sherwood Estates Fund</u>	<u>Heritage Park Estates Fund</u>	<u>Hunter Oaks Fund</u>	<u>Total Major Maintenance District Funds</u>
\$ 61,541	\$ 100,494	\$ 10,405	\$ 174,237	\$ 2,938	\$ 53,563	\$ 103,230	\$ 90,719	\$ 1,524,428
13	22	3	38	-	11	23	20	332
154	390	13,792	507	-	311	803	1,028	18,067
<u>\$ 61,708</u>	<u>\$ 100,906</u>	<u>\$ 24,200</u>	<u>\$ 174,782</u>	<u>\$ 2,938</u>	<u>\$ 53,885</u>	<u>\$ 104,056</u>	<u>\$ 91,767</u>	<u>\$ 1,542,827</u>
\$ -	\$ -	\$ 13,526	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,171
<u>61,708</u>	<u>100,906</u>	<u>10,674</u>	<u>174,782</u>	<u>2,938</u>	<u>53,885</u>	<u>104,056</u>	<u>91,767</u>	<u>1,524,656</u>
<u>\$ 61,708</u>	<u>\$ 100,906</u>	<u>\$ 24,200</u>	<u>\$ 174,782</u>	<u>\$ 2,938</u>	<u>\$ 53,885</u>	<u>\$ 104,056</u>	<u>\$ 91,767</u>	<u>\$ 1,542,827</u>

TOWN OF LOOMIS, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MAJOR MAINTENANCE DISTRICTS SPECIAL REVENUE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Hunters Crossing Fund	Loomis Maintenance		Heather Heights Fund	Sunrise Loomis Fund	Live Oak Fund
		District I Fund	District II Fund			
REVENUES:						
Tax revenues	\$ 7,302	\$ 500	\$ 1,040	\$ 8,467	\$ 6,279	\$ 9,031
Investment income	2,952	60	220	3,511	2,517	3,607
TOTAL REVENUES	<u>10,254</u>	<u>560</u>	<u>1,260</u>	<u>11,978</u>	<u>8,796</u>	<u>12,638</u>
EXPENDITURES:						
Current:						
General government	70	5	11	83	63	90
Public works	692	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>762</u>	<u>5</u>	<u>11</u>	<u>83</u>	<u>63</u>	<u>90</u>
NET CHANGE IN FUND BALANCES	9,492	555	1,249	11,895	8,733	12,548
FUND BALANCES (DEFICIT), JULY 1	<u>177,481</u>	<u>(753)</u>	<u>13,652</u>	<u>210,724</u>	<u>151,461</u>	<u>217,290</u>
FUND BALANCES (DEFICIT), JUNE 30	<u>\$ 186,973</u>	<u>\$ (198)</u>	<u>\$ 14,901</u>	<u>\$ 222,619</u>	<u>\$ 160,194</u>	<u>\$ 229,838</u>

Loomis Acres Fund	Hunters Crossing II Fund	King Road Village Fund	Saunders Avenue Fund	Rachael Estates Fund	No Name Lane Fund	Sherwood Estates Fund	Heritage Park Estates Fund	Hunter Oaks Fund	Total Major Maintenance District Funds
\$ 4,997 1,701	\$ 3,084 956	\$ 7,802 1,524	\$ 960 1,632	\$ 10,146 2,681	\$ - -	\$ 6,216 721	\$ 16,072 1,267	\$ 20,572 1,178	\$ 102,468 24,527
<u>6,698</u>	<u>4,040</u>	<u>9,326</u>	<u>2,592</u>	<u>12,827</u>	<u>-</u>	<u>6,937</u>	<u>17,339</u>	<u>21,750</u>	<u>126,995</u>
50	31	78	54	101	-	62	161	206	1,065
-	277	902	-	-	-	-	-	10,300	12,171
-	-	1,500	-	1,500	-	-	-	-	3,000
<u>50</u>	<u>308</u>	<u>2,480</u>	<u>54</u>	<u>1,601</u>	<u>-</u>	<u>62</u>	<u>161</u>	<u>10,506</u>	<u>16,236</u>
6,648	3,732	6,846	2,538	11,226	-	6,875	17,178	11,244	110,759
<u>102,965</u>	<u>57,976</u>	<u>94,060</u>	<u>8,136</u>	<u>163,556</u>	<u>2,938</u>	<u>47,010</u>	<u>86,878</u>	<u>80,523</u>	<u>1,413,897</u>
<u>\$ 109,613</u>	<u>\$ 61,708</u>	<u>\$ 100,906</u>	<u>\$ 10,674</u>	<u>\$ 174,782</u>	<u>\$ 2,938</u>	<u>\$ 53,885</u>	<u>\$ 104,056</u>	<u>\$ 91,767</u>	<u>\$ 1,524,656</u>

TOWN OF LOOMIS, CALIFORNIA

COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS AS OF JUNE 30, 2009

	<u>Drainage Fund</u>	<u>Community Facilities Capital Projects Fund</u>	<u>Wetland Mitigation</u>	<u>Park Fee Fund</u>	<u>Total Nonmajor Capital Projects Funds</u>
<u>ASSETS</u>					
Cash and investments	\$133,206	\$ 954,665	\$ 85	\$555,649	\$1,643,605
Receivables:					
Interest receivable	<u>29</u>	<u>209</u>	<u>-</u>	<u>121</u>	<u>359</u>
TOTAL ASSETS	<u><u>\$133,235</u></u>	<u><u>\$ 954,874</u></u>	<u><u>\$ 85</u></u>	<u><u>\$555,770</u></u>	<u><u>\$1,643,964</u></u>
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES:					
Accounts payable and accrued liabilities	<u>\$ -</u>	<u>\$ 35,918</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,918</u>
FUND BALANCES:					
Designated for subsequent year's expenditure	-	114,600	-	-	114,600
Unreserved - unrestricted	<u>133,235</u>	<u>804,356</u>	<u>85</u>	<u>555,770</u>	<u>1,493,446</u>
TOTAL FUND BALANCES	<u><u>133,235</u></u>	<u><u>918,956</u></u>	<u><u>85</u></u>	<u><u>555,770</u></u>	<u><u>1,608,046</u></u>
TOTAL LIABILITIES AND TOTAL FUND BALANCES	<u><u>\$133,235</u></u>	<u><u>\$ 954,874</u></u>	<u><u>\$ 85</u></u>	<u><u>\$555,770</u></u>	<u><u>\$1,643,964</u></u>

TOWN OF LOOMIS, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Drainage Fund	Community Facilities Capital Projects Fund	Wetland Mitigation	Park Fee Fund	Total Nonmajor Capital Projects Fund
REVENUES:					
License, fees and permits	\$ 9,654	\$ 13,812	\$ -	\$ 17,284	\$ 40,750
Intergovernmental revenues	-	-	-	-	-
Investment income	2,104	22,083	-	8,869	33,056
TOTAL REVENUES	<u>11,758</u>	<u>35,895</u>	<u>-</u>	<u>26,153</u>	<u>73,806</u>
EXPENDITURES:					
Current:					
Public works	-	-	-	-	-
Capital outlay	-	538,509	-	-	538,509
TOTAL EXPENDITURES	<u>-</u>	<u>538,509</u>	<u>-</u>	<u>-</u>	<u>538,509</u>
NET CHANGE IN FUND BALANCES	11,758	(502,614)	-	26,153	(464,703)
FUND BALANCES, JULY 1	<u>121,477</u>	<u>1,421,570</u>	<u>85</u>	<u>529,617</u>	<u>2,072,749</u>
FUND BALANCES, JUNE 30	<u><u>\$ 133,235</u></u>	<u><u>\$ 918,956</u></u>	<u><u>\$ 85</u></u>	<u><u>\$555,770</u></u>	<u><u>\$1,608,046</u></u>

TOWN OF LOOMIS, CALIFORNIA

COMBINING BALANCE SHEET - AGENCY FUNDS AS OF JUNE 30, 2009

	<u>Revolving Funds</u>	<u>County Facilities</u>	<u>Dry Creek</u>	<u>Total Agency Funds</u>
<u>ASSETS</u>				
Due from other governments	<u>\$ 2,156</u>	<u>\$ 1,754</u>	<u>\$ 399</u>	<u>\$ 4,309</u>
TOTAL ASSETS	<u><u>\$ 2,156</u></u>	<u><u>\$ 1,754</u></u>	<u><u>\$ 399</u></u>	<u><u>\$ 4,309</u></u>
<u>LIABILITIES</u>				
Accounts payable and accrued liabilities	<u>\$ 1,307</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,307</u>
Due to other funds	<u>849</u>	<u>1,754</u>	<u>399</u>	<u>3,002</u>
TOTAL LIABILITIES	<u><u>\$ 2,156</u></u>	<u><u>\$ 1,754</u></u>	<u><u>\$ 399</u></u>	<u><u>\$ 4,309</u></u>

TOWN OF LOOMIS, CALIFORNIA

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
ASSETS				
Cash and investments	\$ 46,827	\$ -	\$ (46,827)	\$ -
Receivables:				
Interest receivable	24	-	(24)	-
Due from other governments	2,941	3,460	(2,941)	3,460
TOTAL ASSETS	<u>\$ 49,792</u>	<u>\$ 3,460</u>	<u>\$ (49,792)</u>	<u>\$ 3,460</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 14,240	\$ 1,307	\$ (14,240)	\$ 1,307
Due to other agencies	35,552	2,153	(35,552)	2,153
TOTAL LIABILITIES	<u>\$ 49,792</u>	<u>\$ 3,460</u>	<u>\$ (49,792)</u>	<u>\$ 3,460</u>

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OTHER REPORT



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BOLER & ASSOCIATES

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Town Council
Town of Loomis
Loomis, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Loomis, California as of and for the year ended June 30, 2009, which collectively comprise the Town of Loomis, California's basic financial statements and have issued our report thereon dated September 28, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Town of Loomis, California's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Loomis, California's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Loomis, California's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of Loomis, California's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town of Loomis, California's financial statements that is more than inconsequential will not be prevented or detected by the Town of Loomis, California's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Loomis, California's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, Town council, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



September 28, 2009